

JULY 2017 PIG COMMENTARY

7th July 2017

Reach for the Sky – Douglas Bader

Demand for UK pigs continues to reflect the weather (hot) and, although the SPP only moved up by 0.15p to stand at 162.43p, spot prices have continued to reach for the sky with bids generally between 172p/kg and 175p/kg according to spec, with no shortage of takers.

Most, but not all, weekly contribution prices have stayed at similar levels, although the odd penny increase was available here and there, and the overall range is between 160p/kg and 170p/kg.

Unfortunately German pigmeat prices took a knock following on from sows last week, with their producer price for baconers losing 5 Euro Cents and, as a result, sow prices also slipped back by another 2p/kg after last week's 5p/kg drop, with most export quotes in the 98p/kg region, although the odd copper or two was available for large loads.

Weaner prices appear to have paused for breathe with the latest AHDB 30kg ex-farm average quoted at £59.95/head and the 7kg weaner average at £43.91/head, but numbers are still tight and opportunities for spot sellers to haggle at £2 - £4/head higher than these average figures are available.

The Euro ended the week on a slightly firmer note worth 88.45p on Friday afternoon, compared with 87.97p a week earlier and the weak post Brexit Pound is continuing to provide support to the pig industry in terms of import and export values for pigmeat.

With harvest now upon us and the combines starting to roll in certain parts of the country, grain prices have hardened to some extent with the latest UK ex farm feed wheat average of £145.80/t up from £142.20/t a week ago and this modestly bullish trend was also reflected in the futures market where LIFFE prices for feed wheat were quoted at £146.35/t for this month, November was firmer at £150.75/t and the same price was also being paid for May 2018.

UK protein prices have also moved in producers' favour to a small extent, with 48% soya meal ex Liverpool traded at £278/t, and 34% rape meal slipped £2/t to £175/t for the end of June.

And finally, on a global basis, China still remains a vitally important market as far as the whole pig industry is concerned and new documentation which can into effect on the 1st July 2017 requires a declaration that supplying pig herds are currently free from any official disease restrictions due to notifiable diseases of pigs.

Bearing in mind the recent ASF outbreak in Czechoslovakia, it is absolutely vital that the UK remains a "clean" supplying country as far as the vast Chinese market is concerned, and I am sure we would like this to include sweet rather than sour pork.

14th July 2017

Prices on a Plateau?

Although the SPP put on a significant 1.43p this week to stand at 163.86p, signs are emerging from the other side of the Channel that prices are levelling off, or in some cases easing back, with the influential German Producer Price losing another 6 cents following last week's 5 cents drop, which in our money is equivalent to 150p/kg deadweight, but if the gap gets any wider, cheaper imports may start to penetrate the UK market to our disadvantage.

Most, but not all, weekly contribution prices remained at similar levels and spot quotes have been anywhere between stand on and the odd copper or two off in places, and most bids were in the 172p-175p region.

The Euro has ended the week worth 88.12p, which is very little difference to a week ago, but despite this, German cull sow prices took another knock, dropping by 5p/kg, which means that UK cull sow quotes were generally in the 90p-92p region, reflecting the start of the holiday season in Northern Europe at a time when many travel to warmer climes and demand for cull sow products is affected to some extent.

Weaner values continue to improve, however, with the latest AHDB 30kg ex farm average quoted at £61.12/head and the 7kg average is now £43.98/head, but as previously, spot weaner sellers are still in a strong position to earn significant premiums over and above the average price, especially for large loads.

With the UK cereal harvest now underway, reports of higher than expected barley yields are filtering through, and barley certainly looks good value compared with wheat as far as pig producers are concerned, trading at a discount of around £30/t for new crop, with UK spot feed barley selling on an ex farm basis at around £113/t, compared with feed wheat quoted at £146.50/t.

UK feed wheat futures prices ended the week on another reasonably firm note, with November quoted at £149.75/t and next May at £155.55/t.

UK protein prices have, however, increased with 7th July prices for 48% soyameal quoted at £297/t, compared with £278/t seven days earlier, although 34% rapemeal has remained at generally similar levels on the week, worth £174/t.

And finally, on the welfare front, NPA members are being urged to call for the government to back the UK livestock sector's high welfare standards, because with Brexit ahead, there is great concern that new trade deals forged with importers once we leave the EU could make the UK extremely vulnerable to cheaper, lower standard imported products and the industry still needs to keep persuading consumers that it is worth paying the extra in terms of welfare alone, i.e. 'realise the difference'.

21st July 2017

Hang On In There – Queen

Although some spot prices have eased back a shade, most stood on and the SPP continues its long-running rally, putting on a further .34p and now stands at 164.2p, and weekly contribution prices also took their cue from the spot market, with a near universal stand on.

Spot bacon prices generally traded in the 170p-175p region according to spec but are still significantly higher than their contract counterparts, although, as many of us know to our cost, the spot market is not for the faint-hearted!

Currency values did the UK pig market something of a favour towards the end of the week and a strong Euro, helped by a weakening pound, traded at 89.59p compared with 88.12p a week ago.

As a result, although EU mainland cull sow prices have remained at similar levels, export abattoir quotes rose by a copper or so, with most paying in the low to mid 90p region according to load size, but these prices are still lagging well behind their German counterparts, so in school report terms, 'could do better'.

Weaner prices remain firm, although the latest AHDB 30kg and 7kg average index figures have both eased a shade, with the 30kg average now standing at £61.34/head and 7kg at £43.49/head, but in both cases, spot sellers of good quality, large loads of weaners can still command a premium in the current market, although some buyers are preoccupied with harvest and straw carting, and when this is over, they should be looking to fill up empty yards in the run up to Christmas (that word already!)

UK wheat prices have eased slightly in the run up to harvest, falling around £2.50/t on the week and demand is reported to be 'quiet' as the wheat harvest approaches.

Current milling wheat premiums are around £12 higher than feed and barley looks something of a bargain, trading at a discount of around £25-£30/t.

Spot UK feed wheat traded on an ex-farm basis at an average of £144/t, and on the LIFFE futures market, November feed wheat was quoted at £148.50/t and next May at £154.40/t.

UK soya prices have remained at similar levels with 48% Brazilian soyameal traded in mid-July at £297/t but 34% rapemeal has eased by £10/t to £164/t.

And finally, it is good to read that pig producers' share of the retail price has risen to a recent high and now stands at 43.8%, which is the highest rate received since 2009, but one word of caution relates to the fact that

domestic consumer demand for pigmeat is still under pressure and primary pork sales decreased in volume terms by 3%, so now must be the time for some active promotion to take place by the industry while we have got some money in the bank to pay for it.

28th July 2017

Don't Let Me Down – John Lennon

Although the SPP put on a further .23p this week to stand at 164.43p, spot quotes were a gnat's croquet easier than recently, with most quotes in or around the 170p mark and a few more pigs coming forward, but more of a trickle than a flood.

Weekly contribution prices have stayed at similar levels within a fairly wide 160-170p range in the main, with UK pigmeat prices generally tending to reflect high but static EU mainland prices where the influential German Producer Price also stood on at 1.70 EUR, which in our money is 152p/kg and is still a handy return for a heavy bacon-weight pigs with fewer bottom line deductions or grading penalties that apply in the UK.

As always, the value of the Euro plays a pivotal part in the whole supply / demand chain, trading on Friday afternoon worth 89.64p, which is almost exactly the same as its value 7 days earlier.

As a result, sow prices also held at generally similar levels, although larger loads can earn a useful premium at a time when UK cull sow values appear to be lagging behind their German counterparts.

Most cull sow bids were in the 93-96p range according to load size.

30kg weaner prices have also paused for breath, with the latest AHDB 30kg ex farm average down by £1.85/head to £59.49/head, although their 7kg younger brothers and sisters were in better demand, with the latest AHDB average at £44.61, up by £1.12/head, and to some extent, the gap between spot and contract weaner prices is starting to narrow as a few more numbers become available, but producer prices are still well ahead of COP levels.

With the wheat harvest now gathering pace, UK cereal prices have been under a certain amount of pressure, with spot new crop feed wheat deals being done around the £136/t mark on an ex farm basis. Futures prices are well ahead of this, with November feed wheat trading on the LIFFE at £147/t and March next year at £150.90/t.

According to cereal analysts, a two tier global wheat market is opening up between firm spring wheat prices, but winter wheat values have to face ample global supplies, especially from the Black Sea area, but concerns over hot and dry weather continues to put upward pressure on soyameal futures prices.

UK protein prices reflected this slightly bullish trend, with 48% soyameal traded ex-Liverpool at £300/t and 34% rapemeal ex-Kent at £166/t.

And finally, it is good to note that AHDB pork is stepping up publicity over the disease risks posed by recent African Swine Fever outbreaks in the Czech Republic where more than 60 cases have now been confirmed in the wild boar population.

AHDB are producing 'ASF: Don't Bring It Home' posters for display at UK ports of entry, but we could all learn a thing or two from our American and Australian cousins over the stringent precautions and action taken against any illegal imports of contaminated meat products from countries where ASF is present.

The last thing our industry needs at present is the challenge of an exotic disease outbreak, and those of us with long memories can still remember the havoc and misery caused by the 2000 CSF and 2001 FMD outbreaks.

